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ABSTRACT

This study examines the management and outcome of the public-private partnerships (P3s) school construction project used in the Auguston housing development in Abbotsford, British Columbia to build a traditionally-designed elementary school. The study explored the relationship between the project's major players, the fiscal incentives that drove the project and the risks and responsibilities assumed by key stakeholders, project chronology, and outcome analysis. It is revealed that the P3 methodology allowed the school to be constructed in only 12 months, at 10 percent below that achieved by conventional procurement, and accomplished within standard building specifications. Outcome analysis demonstrates the P3 methodology can be used to build public schools at lower cost, freeing public dollars for other uses, and the viability of the Design/Build option. Interviews with the participants reveal a need for extra time to work with the various partners and the need to comprise. Appendices provide copies of the following study documents: the real estate agent questionnaire, the public-private partnership questionnaire, and the questionnaire used for the Auguston residents. (Contains 34 references.) (GR)

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The Public-Private Partnership that Built a 'Traditional' School

A case study from British Columbia

by

Dr. Daniel Brown

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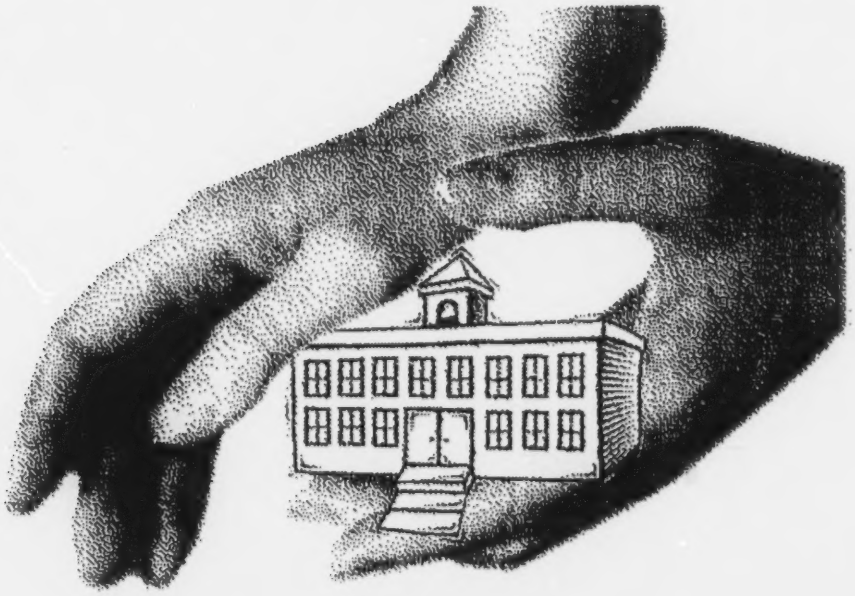

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FOREWORD

'Public-private partnerships' (P3s) have highly diverse beginnings. These origins, with vastly disparate cultural contexts and basic assumptions, bedevil a concept with great potential. The privatization presumptions of the UK public infrastructure projects have little in common with the economic joint ventures which spawned numerous public school-corporate projects in the United States. The municipal-school board linkages with business in the Maritimes share few motivating forces with the P3 initiatives in British Columbia. Each situation has unique circumstances and experiences are not readily transferable.

The 'economic multiculturalism' implicit in the P3 literature portrays a complexity of mixed motives, oversimplifications, and even occasional turf wars. Nonetheless, public-private partnerships have great promise for the education sector.

P3s are held together by trust and an alertness to the interests of other partners. These factors of full trust and reciprocal benefit are fundamental. There is no room for exploitative agendas or side deals. No partnership can succeed without capable, persuasive "champions" strong enough to deliver undertakings and willing to deal with partners or quasi-partners who are driven strictly by self-interest and have no investment or interest in the success of the partnership. A unified problem-solving approach is essential.

The P3 lexicon includes terms such as efficiency, risk-transfer, economy, and off-book debt. The oft-stated goal is to build 'better, faster, cheaper'. What must not be overlooked is that a school, once built, houses students for decades. If fundamental conditions of health, comfort, safety, student circulation and student congregation are not addressed by the partners, the environmental preconditions for effective education are lost. The arguments for good learning conditions must be as salient as any 'per unit cost' or quality indicator. In too many P3 projects, economy dictated the elimination of components like air quality systems, energy conservation, or adequate hallway circulation space, resulting in reduced livability and deferred cost.

Almost two decades of intimate involvement in public-private partnerships have convinced me of three things. A partnership with understood mutual benefit and clear purposes can succeed. Both public and private partners must have visible champions with understood common goals. Government, the ever-present third party in P3 ventures, must authorize a senior official who understands the common purpose to enter the partnership as a committed participant. Otherwise, bureaucracy will reduce creative components to standard common denominators.

Fiscal and intellectual capital are scarce. There are many in the private sector and in public service who wish the best possible facilities for our students. The synergy of P3 initiatives has great potential to achieve both creative and economical responses to school construction projects. Everyone can win.

Elmer Froese
Former Superintendent
School District No. 41 (Burnaby, B.C.)

ACKNOWLEDGEMENTS

This report on the public- private partnership which led to the construction of the Auguston Traditional Elementary School was based on the extensive work of a team of three graduate students. Their dedicated, perceptive, and impartial efforts as researchers helped this study come to fruition. Two were students in the masters program in Educational Administration and Leadership at the University of British Columbia. They were Brenda Ball, a secondary teacher in Surrey, B.C., and Glen Overgaard, a secondary teacher in Whistler, B.C., who conducted most of the interviews. The other was Kathy Babiak, a doctoral student in Human Kinetics at U.B.C. whose specialty is sports management and whose dissertation focused on the public-private partnerships that support Canadian Sports Centres. She contributed substantially to the research process and to the report. In addition to the students, John Uzelac, a former superintendent and now Adjunct Professor at U.B.C., offered ongoing advice and reactions to the draft of the report.

A number of educational administrators, policy makers, employees of government, business people, and consultants also assisted in the research process. All of them added to the knowledge base about the project significantly by providing time for interviews and access to valuable information. I thank them for their assistance and enthusiasm for our study. Three persons deserve special acknowledgement. Dr. Neal Muhtadi, former Assistant Superintendent for Abbotsford, gave his permission for the research to proceed. Steve Davis, Vice President, Ledcor Power Inc., Vancouver, B.C. and a founding Director of the Canadian Council for Public-Private Partnerships, offered guidance for the study and feedback on the draft, as did Stephen Lawton, Professor, Ontario Institute for Studies in Education, University of Toronto.

Support and funding for this research from the Society for the Advancement of Excellence in Education is acknowledged gratefully.

ABOUT THE AUTHOR

Dan Brown is a Professor of Educational Administration and Leadership in the Department of Educational Studies, Faculty of Education, at the University of British Columbia. His academic interests include school-based management, volunteers, school enterprise, and schools of choice, particularly traditional schools. His most recent report is entitled *The Impact of Parental Choice on Three Canadian Public Schools (1999).* It describes two traditional schools, one entrepreneurial school, and how parental choice affects them.

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EXECUTIVE SUMMARY

BACKGROUND

The need for school construction is a pressing one throughout Canada but there are few public dollars to spare. Fortunately, a promising option for building schools has emerged. Public-private partnerships (P3s) are relationships in which the private and public sectors share the responsibilities, rewards, and risks for the success of a project. The limited experience with public-private partnerships for school construction suggests that they provide exciting prospects and notable pitfalls. Although relations between partners can be harmonious, savings can be realized, and schools provided more quickly, P3s could result in some loss of public control, role confusions, bureaucratic tie-ups, and financial losses. Before policy makers commit themselves to P3s, they need to know what works, what does not, and why.

The public-private partnership to build an elementary school for 250 students (2,330 square meters) in the Auguston housing development in Abbotsford, B.C. offered a special opportunity for Professor Daniel Brown to determine the elements that make P3s successful and what may be done to avoid difficulties in the future. It was a novel experiment sanctioned by the province and the district. An example of alternative procurement, this P3 was planned as a 'Design, Build, Lease, Transfer' model although it reverted to 'Design, Build'. Its most remarkable catalyst was the real estate developer's contribution of $500,000 toward the construction of the school and enhanced facilities for neighbourhood use.

The synergy of P3 initiatives has great potential to achieve both creative and economical responses to school construction projects. Everyone can win.

RESEARCH METHODS

A UBC research team was assembled, consisting of a professor of education, three graduate students, and a leading educational consultant. The team members conducted 18 interviews with key individuals associated with the P3, including the major partners who were the B.C. Ministry of Finance, the Abbotsford School Board, Field and Marten Associates (the project managers), and Beautiworld Development Corporation. Other data for this case study were collected from newspapers, policy documents, financial records, and questionnaires sent to real estate agents and residents of the development.

RESULTS

Brown determined that the major motivations of the four partners were to construct a school less expensively, to achieve a lease which would permit the project to appear off-book (outside provincial debt statements), to demonstrate that a P3 could work well, and to accelerate real estate sales in the development.

This P3 was characterized by a high level of trust among the major players. All said that there was mutual respect and openness during the extensive meetings and other communications as they proceeded from the initial agreements to the final phase of construction. There were also many negotiations and compromises, including roof design, location of heating and ventilation systems, space allocation within the school, and the number of storeys (resolved at two to save land). Two champions were prominent: the Chairman of the School Board who was instrumental in facilitating the P3, particularly at its inception, and the project managers who worked in a determined fashion to minimize costs and deliver the school on time.

There was a redistribution of risks and rewards compared to the standard method of school construction. For instance, control of the procurement process moved to the project managers, who assumed some financial risk. Although they were held to provincial specifications for design and materials, they varied the process of hiring and shared in the savings.

The designation of the new school as a school of choice (a 'Traditional School' with teacher directed instruction, structured learning, a high level of student care, and extensive parental involvement) was an important factor in permitting construction to proceed as planned. That was because enrollment projections fell sharply when real estate sales slumped in the region. The developer found that the traditional school designation fit his marketing for a community based on traditional values. Responses from the homeowners and real estate agents supported that view.

This P3 had two main outcomes, according to Brown. One was that the school was constructed at about 10% less than by conventional procurement, a significant achievement. It was accomplished within standard building specifications and took only twelve months. The other outcome was that the plan for the lease was abandoned because of unresolved questions concerning insurance, maintenance, and a possible expansion, though none of these issues was considered to be a major impediment. Since an investor was not found and legal fees were mounting, the Ministry decided that an outright purchase was the better option even though the P3 would have qualified as off-book.

CONCLUSIONS

Overall, the participants considered this P3 to be most successful. They showed that public schools can be built at lower cost, freeing public dollars for other uses. They demonstrated the viability of the Design, Build option and remain optimistic about leasing arrangements. Participants also acknowledged difficulties such as the extra time taken to work with the various partners and the need to compromise.

Brown recommends that provincial governments consider P3s for school construction, that they explore lease arrangements, that they contemplate the decentralization of school construction to districts, and that districts determine how P3s can be used to enhance community facilities.

CHAPTER 1. BACKGROUND

British Columbia will see substantial population growth during the first quarter of the new century. One of the implications of this growth will be an influx of school-age children who will require more facilities for their education. Despite the promise of the new technology and the increase in home schooling, many of our youngsters will need more school buildings--the infrastructure for their learning. Unfortunately, the requirement for costly facilities comes at a time when revenues to build them are hard to find. Provincial governments across Canada are looking for ways to construct schools precisely at a time when Canadians are resistant to tax increases.

Fortunately, a promising option for school construction has emerged. Called a public-private partnership (P3), the basic idea is for government and business to work together so that facilities for education may be provided. A public-private partnership is a business relationship in which the public and private sectors share the responsibilities, rewards, and risks for the success of a project. The concept of a public-private partnership is premised on the view that while the public sector is responsible for a task, this does not necessarily require the public sector to carry out the task itself. Through an array of techniques, the private sector can apply its skills and resources to products and services that have traditionally been provided by the government (Province of Nova Scotia, Department of Finance Report, 2000, p.3).

This prospect offers a vision of mutual benefit. For instance, if a private enterprise can build a school, own it for a period and then transfer it to provincial ownership, then the entrepreneur realizes a profit and builds relationships with non-traditional partners. Correspondingly, the province supplies a needed school facility, contributes to the communities within its districts and enhances its relations with the private sector. In this manner, the objectives of both business and government are realized. Unlike the usual pattern of school construction which sometimes requires overcrowded conditions to demonstrate need, private firms can build a school in anticipation of demand while assuming the capital costs. That is an appealing option, especially within suburban districts experiencing high population growth. With the P3 model, private companies design and build schools, but school boards usually operate and lease them with the option of purchasing at a later pre-arranged date.

Examples of public private partnerships throughout Canada are plentiful. For instance, since the mid 1990s, the province of Nova Scotia has used P3s to implement large infrastructure projects in transportation, criminal justice and education. During that time, 39 schools were built using P3s (Province of Nova Scotia, Department of Finance, 2000). The impetus to engage in P3s was driven by a desire to eliminate deficits and reduce debt while building schools. In the spring of 2000, however, Nova Scotia developed a new plan for school construction without P3s. A shift in sentiment away from P3s had become evident, as illustrated by the following comment. *"Students need new schools, and we will build them, but not the*

way they were built in the past...The former government used P3s as a blank cheque, and the P3 schools grew too elaborate and too costly." (Education Minister Jane Purves). While P3s can provide governments and private firms with some advantages, if not done properly, the costs in time, effort and money may outweigh the benefits.

Public-private partnerships already studied in B.C. also reveal interesting results. The sponsorships which assisted Burnaby South Secondary School are regarded as successful for creating technology services that would not have been available otherwise (Stainton-Mussio, 1996). Although Burnaby Northeast Secondary School was converted from a partnership to an "integrated management approach" with a maximum contract price, it showed some of the important factors that were necessary for success. They included shared planning, shared risk, trust, and mutuality of agreement. That case demonstrated some of the positive features of P3s: the opportunities to meet financial constraints, provide innovation, offer technologies, and realize efficiencies in the building of schools through access to a large capital construction market. The downside was also evident: concerns were raised about loss of control, red tape, possible undue corporate influence, and the need to specify personnel roles very clearly (Errico, 1998). Similar issues were apparent in the study of the Britannia Project, a P3 designed for secondary student mentoring by business people (Beatty, 2000; Fung, 1999). P3s also have their critics, as demonstrated by the B.C. Teacher Federation's claim that they are to be avoided because business corporations will gain and public education will lose (Dunsmore, 2000).

Clearly, policy makers need to know more about P3s, specifically those partnership arrangements for the construction of new schools. What factors are important when P3s are established? How do they actually work? And what are their effects? They appear to hold much promise but they may also come with potential pitfalls.

Recently, a public-private partnership was created to construct an elementary school in Auguston, a new housing development in northeastern Abbotsford, B.C. that was inspired by communities in Carmel and Whistler. This P3 provided a rich context to explore processes, issues and challenges and to learn from the experiences of participating stakeholders. The Ministry of Finance, Ministry of Education, Municipality of Abbotsford, School District No. 34 (Abbotsford), Field and Marten Associates, and Beautiworld Development Corporation came together and established the P3 for mutual benefit. But what was the nature of their working relationships? What were the difficulties that were encountered and how were they overcome? What continuing problems need to be addressed? This research provides the answers to these questions and offers some directions for future policies regarding P3s and public school construction in the province and across Canada.

MODELS AND PERSPECTIVES

Public-private partnerships have been born out of financial constraint in the United States and out of political mandates for job creation and economic efficiencies in Ontario, Alberta, Nova Scotia and New Brunswick (Errico, 1998; Gratias & Boyd, 1996; CMHC, 1995). They come in many forms, such as contracting out and build-own-transfer, which are common. But what do we mean by 'partnership' and particularly, a P3 in education?

Organizational partnerships in general may be defined as arrangements with compatibility of goals, commitment of resources, and shared norms (Babiak, 1999; Child & Falkner, 1998; Oliver, 1990; Wood and Gray, 1991). P3s involve the pursuit of mutual interests by government and the private sector. More specifically, P3s in education may be defined as *"cooperative relationships between business and education in which joint projects for the refurbishment, expansion, or operation of infrastructure contain mutual benefits for schools and businesses"* (Errico, 1998). This is the definition that was used throughout this research and applied to school construction. It accentuates the cooperative nature of the relationships within the P3. Its focus is on the overall intentions, the relationships that are developed, and the general functionality of the arrangement, all falling within the overall framework of strategic management (Babiak, 1999; Child & Falkner, 1998). Development of partnerships is considered to be planned, deliberate, and analytic, assumptions in common with much of the literature on planned educational change (Fullan, 1991). Although the emergence of dysfunctions and conflicts is acknowledged, they are seen as elements to be overcome to achieve interorganizational harmony.

The strategic management literature suggests that there are important preconditions to the establishment of P3s. There are environmental factors such as the motives for forming alliances and the selection of partners. Oliver (1990) addresses antecedents or preconditions to partnerships, including *necessity, reciprocity, legitimacy, and stability.* Kouwenhoeven (1993) also identifies financial and strategic motives. The literature then suggests some critical components of the process which involve the choice of the structure and management activities. They may be broken down into *task-related variables* (finance, competencies, technology), *partner-related variables* (trust, size, history), and the need for integration between partner culture and subsystems. Finally, how the alliance has evolved and the extent to which the goals and objectives of all the alliance partners are realized needs to be considered (Babiak, 1999).

RESEARCH QUESTIONS

The conceptual framework provided by strategic management along with the context of the Auguston case led to five research questions that guided this study:

What factors and key actors were instrumental in the inception of the P3?

What was the structure of the P3 and how did it function?

What elements were critical to the P3's success and what problems did it face?

How important was the selection of a "traditional" school to the P3?

How did the P3 evolve and what were its outcomes?

The answers to these five questions and the reasons that lie behind them form the substance of this report.

METHODOLOGY

The research methodology for this study was primarily qualitative and guided by Schumacher and McMillan (1993). Chiefly, data were gathered by interviewing 18 individuals with some involvement in the P3 or substantial knowledge of it. A quantitative component of the study included two ancillary questionnaires designed for the homeowners of Auguston and real estate agents in Abbotsford. These questionnaires focused on the importance of the availability of a 'traditional' school to promote interest in the housing development (see the appendix for the questionnaires).

Additional information was gleaned from written proposals, board minutes, clippings from local newspapers, Ministry guidelines, and financial reports all pertaining to the Auguston P3. Three research team members attended the official school opening on October 27, 2000 which provided an opportunity to view the school and see the students assembled. Data collection began in March 2000 and continued until November 2000.

Interviewees were drawn from an initial list that included the provincial government, the school district context, and the business community. The sample included representatives from the Ministry of Finance, the Abbotsford School Board, and Beautiworld Development Corporation, the developer of the Auguston housing development. Other interviewees included the district superintendents, the principal designate, the project managers, parents, and other Abbotsford community members. The cross-section of participants included those who were known to be not supportive of the P3.

Although not all questions were asked of all subjects and some questions were modified as new information emerged, the following is a preliminary list of questions asked of initial interviewees. Prompts in brackets allowed for expansion of the questions.

1. Describe your own role or interest in the P3 [why participated].
2. Sketch the history of the P3 to date [main events and decisions; context].
3. What were the key factors and who were the key people involved in the adoption of this P3?
4. How does this P3 work?
    a. general structure
    b. joint purposes
    c. legalities involved
    d. norms and procedures
    e. use of resources
    f. status of trust
5. What are the benefits and detriments of this P3 thus far? [to the province, district, and business]

Two experienced teachers who are prospective educational administrators with an interest in P3s carried out most of the interviews. The principal investigator and the research assistant conducted four interviews. Sixteen interviews were face-to-face, and the remainder were car-

ried out by telephone. Interview transcripts were returned to the subjects for confirmation of facts and checks on interpretations. All interviewees were guaranteed anonymity and told that their participation was voluntary. Some waived their anonymity. Prior to the inception of this research, the principal investigator obtained clearance from the University of British Columbia Human Subjects Committee and received approvals from the School District of Abbotsford and the Ministry of Education.

The interview data was analyzed according to the matrix method as prescribed by Miles and Huberman (1994). While the themes already raised in this proposal were explored, new ones suggested by the data, have also been synthesized into the report.

Questionnaires were handed out to all 32 homeowners in the Auguston housing development and mailed to 20 real estate agents during the period from August to October, 2000. Returns were 11 (34%) and 9 (45%) respectively. The format of the questionnaires consisted of primarily open-ended responses and because of the design and the small numbers, were all analyzed by hand.

As a consequence of the variety of data gathered, team members synthesized information from the multiple sources to provide a general description of the public-private partnership and its outcomes, which included the delivery of Auguston Traditional Elementary School. After a draft of the report was written, the principal investigator asked a number of the participants and two external critics to respond to its factual contents. Their reactions were incorporated into the final document. The next chapter reviews the context, main players, and significant milestones for this venture into the alternative procurement for the construction of a public school in British Columbia.

CHAPTER 2. CONTEXTS, PLAYERS, AND CHRONOLOGY

Many examinations of public-private partnerships have focused on characterizing the nature of P3s but they have failed to look at the implications and results of specific examples of these relationships (Price Boase, 2000). Despite that omission, provincial and federal governments in Canada have been encouraged to be innovative and pursue creative partnerships between government and for-profit and non-profit organizations. In these partnerships, the government is responsible for policy-making issues and implementation. The job of delivery rests with the private sector. The specific case of the Auguston Traditional Elementary School provided an opportunity to explore the creation, development and implementation of a public–private partnership and to assess both the positive and negative outcomes of this type of initiative for K-12 education in the Province of British Columbia.

This chapter initially outlines the circumstances surrounding the proposal to work in partnership to build a new school in the community of Abbotsford, B.C. Specifically, it addresses the context of the social environment in British Columbia at the time of the study, it depicts the situation within the Abbotsford School District, and it describes the newly constructed Auguston Traditional Elementary School. The chapter also details the chronology of the P3, presenting its milestones and describing the interests and roles of key individuals who facilitated its development from creation to conclusion.

THE PROVINCIAL CONTEXT

At the time of this research, which took place in the year 2000, a New Democratic Party government whose philosophy and political interests resided in supporting social programs governed the Province of British Columbia. Despite its commitment to health care, the environment, and education, the economic realities of the decade forced the government to reassess provincial education budgets, place further emphasis on efficiency and accountability, and stress the importance of quality, service and cost efficiencies in the delivery of education to the children of B.C.

Since 1991, the government provided more than $4 billion for B.C.'s school construction program, creating 133,075 new spaces for students and building 181 new schools out of a provincial total of 1,800 schools (B.C. Ministry of Education Website News Release: NR 062-00 October 6, 2000). The Province of B.C. currently has 355,101 elementary students and 258,506 secondary students enrolled in the public schools—613,607 in all. Given that the government wanted to avoid further debt but realized the need for the construction of new schools, the Ministry of Finance and the Ministry of Education invited school districts to generate creative ideas regarding alternative procurement. The goal of the Ministry of Finance was to realize the creation of new schools built of standard quality and constructed at or below the usual costs (Alternative Procurement Implementation Guide, 2000; Capital Procurement

Policy Guidelines, 1999). The Ministry of Finance hoped that capital funding for schools could appear 'off book' and avoid being added to the provincial debt. Since capital construction costs for 2000 alone were forecast at $450M to construct 10 new schools, 10 replacement schools and 95 school additions, the allocations were significant. The provincial government in B.C. had invested almost $1.4 billion in building and renovating schools since April 1998.

THE ABBOTSFORD SCHOOL DISTRICT

School District No. 34 (Abbotsford) is located 70 kilometers (44 miles) east of Vancouver in B.C.'s Fraser Valley. The City of Abbotsford encompasses 404 sq. km (160 sq. miles) and has a population of 108,000. The economy of the region is diverse, although agriculture and related processing industries dominate. During the last decade, a number of commercial, manufacturing and governmental agencies have located in the city.

Based on population, the Abbotsford School District is in the top 15 per cent of school districts in Canada with a student enrollment in excess of 18,000. The district employs 1,100 professionals and 500 support staff who provide educational services to the District's 38 elementary and eight secondary schools (http://www.uniserve.com/sd34/profile.html).

Figure 1. Location of Abbotsford School District.

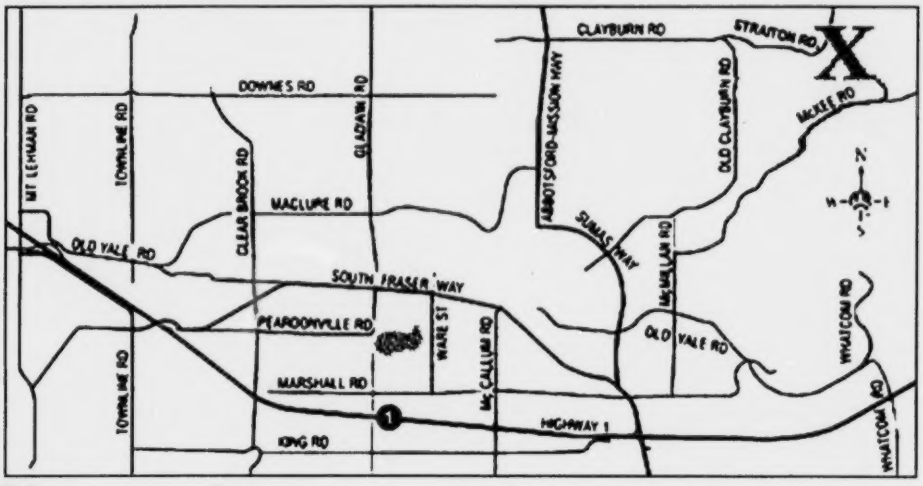
During the middle of the 1990s, the Abbotsford School Board explored ways to address resource needs in its rapidly growing district. Partnerships became a possibility as an alternative to standard capital funding. The Board was asked by the provincial government to test the feasibility of public-private partnerships for school construction. Initially, the Board proposed to finance a gymnasium at a middle school using a P3, but that idea was rejected in a municipal referendum. Later, the developer (Beautiworld Development Corporation) of a tract of land within the Municipality of Abbotsford approached the Board to build a school there. The Abbotsford School District owns a middle school site in this location and a secondary school site just outside the 340 hectare development (Abbotsford News, June 8, 1999).

THE AUGUSTON HOUSING DEVELOPMENT

AUGUSTON
My home town

Auguston is a new housing development within the City of Abbotsford, though outside its urban core. Beautiworld Development Corporation intended to create a 'traditional' community modeled after Carmel, CA and Whistler, B.C. The vision was for a compact, safe, family oriented village that encourages a sense of community and promotes a healthy lifestyle. The plan is to construct 2,400 residences, an elementary school, a middle school, a secondary school, a fire hall, police station, church, recreation center and several other amenities for the community that would make it a 'town within a town'. Auguston's name was chosen because it is easy for children to pronounce, it is derived from the adjective 'august', and it connotes the summer month. About 30 homes, a central facility, and the Auguston Traditional Elementary School have already been built. The projected Auguston population is for approximately 7,000 residents (http://www.auguston.com).

Figure 2. Location of Auguston housing development.



X Location of the Auguston Development in Abbotsford, B.C..

AUGUSTON TRADITIONAL ELEMENTARY SCHOOL

Auguston Traditional Elementary School was built with a combination of public and private money, which represents the first time in British Columbia, that a school has been financed this way. As part of the incentive for the P3, Beautiworld Development Corporation, provided $500,000 which helped to fund a community day-care centre, an expanded library and a larger gym for the new school. The plan was that the gym and the library would be accessible to residents of the Auguston community as well as to the students of the school.

BEST COPY AVAILABLE

The school is located atop a rise of land overlooking Abbotsford's beautiful rolling hills and vast green spaces. Its gleaming new facility is built on two levels with large grassy areas (eventually to become playing fields) surrounding it. The school has an elevator to accommodate students, parents and staff with physical disabilities. Its interior is laid out in a very user-friendly manner with well decorated classrooms each with their own plumbing (e.g., a sink or washroom). Whiteboards are used in this school instead of chalkboards. They brighten the rooms and eliminate air-borne chalk dust. A new computer lab with 30 colourful iMacs is located on the upper floor. At the beginning of September 2000, 233 students were enrolled. An extension, built into the original building design, is planned after maximum capacity of students is reached. The school was designed for precisely 36 Kindergarten students and 220 Grades 1-5 students but it can be expanded to 450 in total.

MAJOR PARTNERS

In order to get a better understanding of this P3, it was essential to identify the allies and stakeholders involved in the process. Considerable effort on behalf of a number of groups and individuals was needed to ensure the viability and success of this partnership. Many diverse stakeholders were involved in this project. As is made evident in Chapter 3, the most significant players were the Ministry of Finance, Beautiworld Development Corporation, Field & Marten Associates, and the Abbotsford School Board. Here is a brief introduction to the key partners:

Ministry of Finance

The Capital Division of the Ministry actively sought alternatives to standard capital financing and to school construction. It oversaw the P3 from beginning to culmination.

Beautiworld Development Corporation

Beautiworld proposed that an elementary school be built on the Auguston site and provided $500,000 in support of the school and its enhanced facilities.

Field & Marten Associates

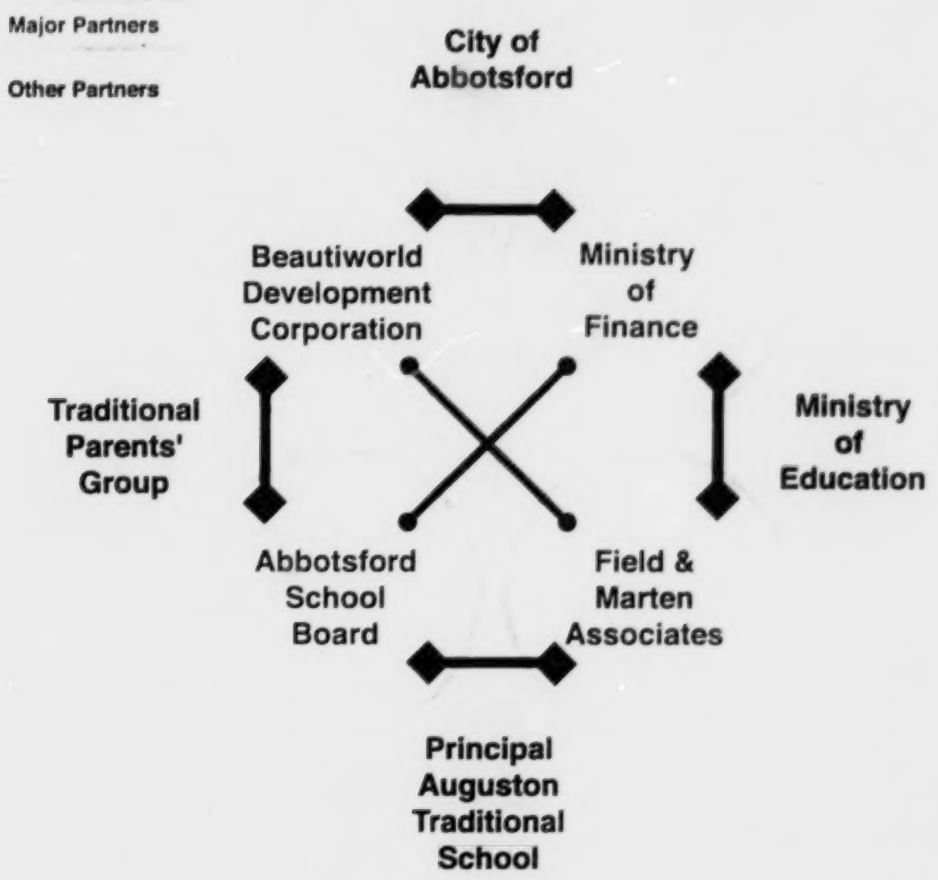
Field and Marten, acting as project managers and consultants to the Ministry of Finance, worked extensively on behalf of the P3. They supplied much of the impetus for the P3 and supervised the school construction.

Abbotsford School Board

The Board, and most particularly the Chairman, actively explored and promoted the possibilities of P3s for school construction within the Abbotsford school district. He facilitated the Auguston P3 greatly.

A number of other players were involved in very important ways that helped the P3 come to fruition. They included: the Ministry of Education, the Traditional Parents' Group, the City of Abbotsford, central office staff in the Abbotsford District, the Principal Designate of Auguston Traditional Elementary School, and certain other individuals whose contributions were significant. See Figure 3. The actions of these organizations and individuals are detailed in Chapter 3 but an outline of the events that characterized the P3 is presented next so that the reader may gain a general appreciation of the evolution and developments of the P3 for school construction.

Figure 3: Key Players in the Auguston Traditional Elementary School P3.



SIGNIFICANT MILESTONES FROM 1996 TO 2000

- 1996. Ministry of Finance releases a Capital Review document. The Ministry was interested in exploring changes in projects in general and considering the P3 model in particular. Other options included design-build and the integrated management approach. This was a critical point in capital policy for the government of B.C. in which alternative methods of procurement were encouraged. P3s, the only off-book alternative, were viewed as a viable option and guidelines were developed on how to manage them (Capital Procurement Policy Guidelines, 1999).

- 1997. Field and Marten present a cost comparison study of public and independent school construction to the Ministry of Finance, which was engaged in its own cost comparison studies. The outcome was the value analysis process designed to reduce the costs of capital construction.

- 1997. The Ministry of Finance challenges the Chairman of the Abbotsford School Board to come up with a plan of a P3 that would allow them to lease a school.

- 1997. Beautiworld Development Corporation approaches the Chairman of the Abbotsford School Board to build a school for the proposed Auguston community.

- April 1998. Beautiworld approaches the Ministry of Finance to build a school in the new development. It suggests that a school could be constructed in less time than through the conventional channels.

- October 1998. A Memorandum of Understanding is struck between Abbotsford School District, the Ministry of Finance, and Beautiworld, including school construction and proposing a 20-year lease agreement . Land which is owned by the District is to be leased for 49 years.

- November 1998. The real estate market slows in the Fraser Valley and sales at Auguston are fewer than predicted. Beautiworld allocates $500,000 toward the P3.

- January 1999. The Traditional School Parents' Group suggests to the Abbotsford School Board that the school at Auguston be designated a traditional school, showing the long waiting list at the other traditional school.

- March 1999. Field and Marten present a business plan to the Office of the Comptroller General, the government's accountant, to evaluate the proposal and determine if it satisfies the criteria for being off-book.

- March 1999. The CEO of Beautiworld tours a traditional school in the District and the Chairman of the Abbotsford School Board approaches Beautiworld regarding the traditional school proposal.

- March 1999. Abbotsford School Board designates Auguston Elementary School as a traditional school.

- March 1999. Following consultation with stakeholders, the Chairman of the Abbotsford School Board creates a model with both out-of-catchment and within-catchment enrollment.

- March 1999. Beautiworld commits $500,000 in support of the facility.

- April 1999. School design started.

- June, 1999. The Minister of Finance and the Minister of Education visit the school.

- September 1999. Permits granted by the City of Abbotsford. Ground breaking. School construction begins.

- September 1999. Principal designate is appointed.

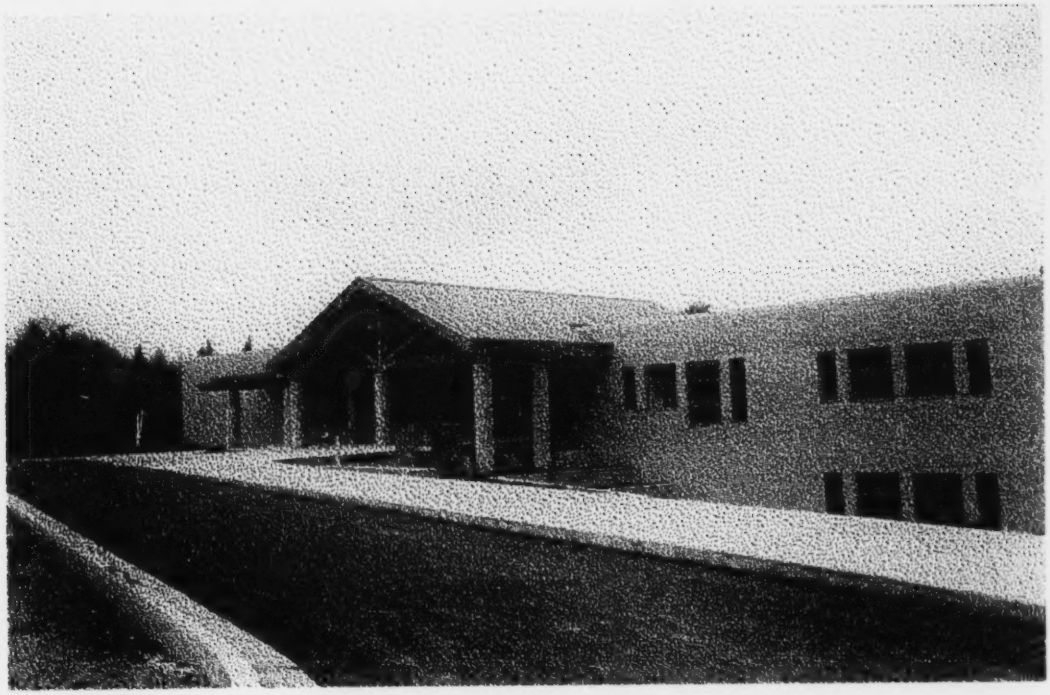
- October 1999. Locations of library and school office are reversed at extra cost. Building's foundation poured.

- February 2000. Parents camp out 11 days for registration.

- September 2000. Occupancy. Auguston Traditional Elementary School opens to students.

- October 2000. Official opening ceremonies for Auguston Traditional Elementary School are attended by 300 adults and over 200 students.

The following chapter explains and highlights some of the key results that emerged from the data collected on the Auguston Traditional Elementary School public-private partnership.



CHAPTER 3. DOMINANT THEMES

As the data in the interviews, documents and questionnaires were reviewed, a number of over-arching themes emerged. This chapter presents an account of the four main ones: 1) the relationships among the players in the P3, 2) the way in which this P3 was financed, 3) the special role of parental choice in the P3, and 4) the outcomes of this P3 that were observed up to the time of the school's opening.

RELATIONSHIPS

No P3 can be carried out without close interaction between stakeholders. In the Auguston P3, several players came with different interests and agendas. A high degree of cooperation, communication and coordination was needed for the P3 to be successfully carried out. As may be expected with such diverse groups and individuals involved, the potential for misunderstandings was considerable. This section explores the different facets of the relationships involved in the P3 to build the Auguston Traditional Elementary School. We examine interaction and trust, how negotiation and communication resulted in a relatively positive experience for the stakeholders, and how the existence of champions created momentum for the Auguston P3.

A high degree of cooperation, communication and coordination

Trust and Communication

One of the more apparent features identified in this study was the great importance placed on trust, communication, and cooperation between the groups and individuals. The players interact in a spirit of relaxed control and willingness to interact, according to the interviewees. This positive tone was illustrated clearly in quotations from a private sector respondent during his interview: *"You don't say no to anything." "There was chemistry among the participants." "We would talk openly around the table." "We [the private sector representatives] were accepted into their [the Ministry] group."*

Throughout the course of the P3, stakeholders remained committed because of feelings of trust which, according to several authors (Das & Teng, 1998; Kanter, 1989; Kanter, 1994) is an essential partnership element. One interviewee stated, *"The partnership cannot succeed without trustworthy partners, and the stakeholders in this P3 were all extremely trustworthy."* Respondents also identified trust as a crucial element because there were many stakeholders involved and no one had ultimate control. Embedded in the concept of trust is the notion that all parties must take ownership of the project in order to see it through all stages of develop-

ment to actuality. One of the factors that legitimized the P3 and established a sense of mutual trust was the expertise of the parties involved. The project managers had been involved in P3s in other sectors, and the Chairman of the School Board had private banking experience that contributed towards securing commitment from the Ministry of Finance.

A transparent process

Related to trust, participants in this partnership viewed *"transparency"* as an essential ingredient in the partnership mix. "Transparency" was a word that was used by several interviewees. The importance of the notion of transparency was incorporated into the initial Memorandum of Understanding struck by the Ministry, the developer and the project manager. A special clause states, *"At all times the process and financial parameters will be available for scrutiny. It is understood by all parties that this method of school delivery is relatively new and is based on a co-operative effort."* Key stakeholders placed great value in having a process that was transparent. This value is reflected in a statement by the developer who believed that *"The School Board didn't waste a lot of time and moved ahead with a methodical, open, steady process."*

From the outset of this P3, the major players (the Ministry of Finance, Beautiworld, Field & Marten and the School Board) attempted to ensure that everyone's interests were clearly articulated to all parties so there were no surprises and everyone's concerns could be addressed. Several participants felt that there was a special effort to understand each other's needs, such as the government's concern about its credit rating and its need to be publicly accountable which slowed its ability to make decisions relative to the private sector. With this priority in mind, participants understood that what they did was 'open book', meaning *open to scrutiny* on the part of other relevant players. There were to be no hidden pitfalls.

Closely related to trust, there was also a great deal of *communication* reported between the private partners and the other key stakeholders (i.e., the principal of the school, bureaucrats from the Ministry and participating parents). The Ministry and project managers made communication with all other stakeholders a priority. This was particularly evident in the relationship between the principal and the project managers. The project managers attempted to ensure that the specific details and needs of the principal were met by consulting her on particular aspects of the school design. The principal was viewed as an important *"conduit for communication"* in the process. The degree of communication and trust between the various partners appeared to be quite extraordinary. Words such as *"integrity"*, *"secure"*, *"open-minded"* and *"well-respected"* were commonly used by a number of parties to describe their partners. This commitment and frequent communication was perceived to engender and build trust among the participants of the partnership which, as mentioned previously, was identified as a critical component for the success of the P3. It was even able to overcome some personnel difficulties within the district staff, according to respondents.

Only one substantial issue detracted from the positive communication and trust between the partners—the few existing policies that directed the process and guided the partners in the P3. Specifically, in order to allow the P3 to proceed, the project managers were required

to put $90,000 aside as a contingency fund for the maintenance of the building's shell. This kind of constraint put the project managers in a very challenging position because they were being scrutinized in terms of their ability to build less expensively than the public sector, yet they were being held to the Ministry's specifications. The charge was to *"give at least equal quality"*.

Negotiation and Compromise

Negotiation and compromise both occurred in the development of this P3. The attainment of individual goals and objectives in the Auguston P3 was only achieved through negotiation and compromise. It was evident from the outset that stakeholders placed a great deal of emphasis on considering the balance and division of risks, costs and returns. This reality was likely the key to Auguston's establishment and was the cause of some delay in negotiating acceptable terms between parties. One example was the delay required by the Comptroller General's office to test the proposal to see if the P3 qualified for off-book status. Another was a result of the increased scrutiny that the P3 attracted simply because it was an experiment and the Ministry wanted to ensure that the school was equivalent in value to one that would be built using conventional regulations.

Evidence of compromise was indicated by respondents' statements that *"different rules"* within the school construction process applied to private sector partners. Some felt that the process might be more justifiable if there was consistency between conventional school construction procedures and the rules applied to the P3. One respondent stated that *"there is potential in public-private partnerships if all rules apply to all people"*. Normally, districts face procedural constraints by the adjudicating bodies (i.e. district and ministries) as to design, planning, construction and tender. Because this was a public-private partnership, the project managers did not have to live by all these procedural constraints. For instance, the project managers used competitive bidding but they restricted competitions to pre-selected firms, an example of flexible procurement. They were businesses with established positive reputations, such as the contractor who had built other schools in the Fraser Valley which personnel from the Ministry of Finance, the Ministry of Education, and the Abbotsford School District had toured.

Trade-offs required

A specific concern was raised regarding the value analysis process as it pertains to school construction. Value analysis is a service that costs between $30,000 to $60,000 and specifies where efficiencies can be made. With this P3, the efficiencies were left to the project managers. The procedures were made more complicated for this P3 because the Ministries of Education and Finance altered the general specifications while the school was being designed and the school was subject to the new guidelines. For instance, exterior doors to classrooms were not funded, flat roofs were encouraged, rooftop HVAC units were to be the norm, and two-storey schools were permitted (B.C. Ministry of Finance, 1999).

Typically, elementary schools in B.C. are single level to promote friendliness and safety. During discussions, the project managers proposed savings using a two-storey structure. One outcome was the greater availability of land for a soccer pitch, which is to be a community facility. The Ministry of Finance supported the dollar savings, even though the district staff strongly preferred the single-storey structure. After some discussion the Abbotsford School Board approved the two-storey proposal.

The Auguston P3 arrangement also bypassed the conventional inspection by district insurance agents of the school plans. Because Auguston was not a publicly constructed facility, it was exempt from this process. According to one respondent, *"Obviously, there are different rules, and this is the basis for the public-private partnership at Auguston."* The project managers were required to make accommodations as well. They varied the hardware specifications and installed special controls on the HVAC units in accordance with district wishes. The consequence of these compromises and concessions was a faster school construction process but they also raised concerns because the usual processes for school construction were suspended.

This variance from established procedures conflicted with the need for the school district to retain quality control of the construction. Since they had the responsibility for long-term maintenance, they wanted to ensure that the construction was of high initial quality. The project managers, in contrast, focused on the cost effectiveness (the life cycle value) of the equipment and materials over the life of the building. Despite the school board's involvement at the political level, the district administrators would have preferred greater input into the original design of the school. The principal designate had restricted input into changes that she wanted to see in the new school as a consequence of her late appointment. She was able to switch the location of the office and library, have closets added, enhance the millwork, move a wall so as not to obstruct a window, and add doors where they were needed. Other wishes on her part were not granted.

Some District staff respondents stated that if the school had been a district managed project, it is likely that it would have had two features which Auguston lacks: a sloped roof (preferably metal) and an internal HVAC (heating, ventilation and air conditioning) system. The district's maintenance staff believes that a rooftop system could encounter more problems and deteriorate sooner than an interior system, despite the provincial guidelines permitting it.

The Importance of Champions

The literature on public-private partnerships suggests that a 'convenor' is critical in creating the alliance and ensuring its success (Gray & Wood, 1991; Oliver, 1990). A P3 can grow and evolve best through the committed efforts of exceptional and motivated individuals who have clear and consistent goals and take initiatives. Respondents interviewed in this study identified the primary champion of this P3 as the Chairman of the Abbotsford School Board. The Auguston P3 began with the Chairman looking for some way of addressing the 'building crunch' in the District. The Board was looking for creative ways to deal with the lack of funds

available to address the enrollment growth in Abbotsford's schools. The Chairman was described as the key player who was *"gung-ho in looking for partnerships"*. His business experience as Assistant Vice President and Manager of HSBC Bank and his background working with young companies in need of start-up capital led him to see the opportunity for partnerships as a viable alternative for the District. This business background also provided the necessary credibility for the P3 concept at Auguston. According to one interviewee, *"Through [the Chairman's] tenacity, the P3 developed"*. At the centre of this P3, the Chairman acted as a facilitator who was able to bring many of the parties together and create the synergy of goals through formal and informal channels.

Creating the synergy of goals

This particular P3 had two other champions in addition to the primary convenor. Most notably, the project managers were instrumental in furthering the development of the P3 as advocates for the lease concept and tireless workers during the P3's implementation. They took on the initial responsibility for funding and constructing the school. One of the respondents stated that *"They did a tremendous amount of work on this. The [project managers] were not paid a dime in the first year of the P3."* These two individuals held personal beliefs that the usual ways of construction and finance of new schools could be changed for the better. Their goal was to develop innovative, cost-efficient, and more rapid ways to provide educational infrastructure. The project managers had expertise in building other schools cost effectively and had raised capital for three schools previously built privately in B.C. They were keenly interested in being formative players in this alternative to conventional public school construction and felt that they were in a position to provide a much-needed service in the district. Their dedication and enthusiasm for the project was a key factor in creating the momentum necessary for the project to be realized.

Although this P3 had local champions, it was still necessary to have people in the government to encourage the vision and to support the initiative. In Auguston's case, the Capital Planning Division of the Ministry of Finance was a key stakeholder in the process and their motivation was to do the *"smart thing financially"* which is why the concept of P3s for building construction was an attractive one.

FINANCES

This section on financial aspects of the Auguston P3 highlights some of the main fiscal incentives driving the P3 alternative, the risks and responsibilities that were assumed by key stakeholders, and associated costs in comparison to the costs for school construction using conventional procedures.

Financial Incentives

The perceived financial benefits of a public-private partnership are one of the key incentives for initiating this kind of relationship. Much of the literature (Eisenhardt & Schoonhoven, 1996; Pfeffer, 1987; Price Boase, 2000) supports the notion for new sources of capital or inno-

vative avenues to secure funding to be a major motivator, particularly in an environment where public resources are shrinking and spending is restricted, as is the case in the sphere of elementary-secondary education.

In British Columbia, any P3 is required to compete against the typical debt-financed school, and must be more cost effective to even be considered. The Ministry of Finance determines the debt-service equivalent first (base case) from which it benchmarks the net present value of proposed lease payments. *"You have to beat the base case. Traditional forms of financing and building schools provide the base case. If a private developer can beat the base case, it makes sense that we accept it, providing it is not just cheaper, but cost effective."* Public education, and schools in particular in British Columbia, have little experience with respect to P3s for school construction, and therefore the construction of new schools through a P3 was a challenge. One of the initial hesitations on the part of the Ministry of Finance was that the government was able to borrow money at a lower rate than the private sector and was not in favour of investments that would result in higher interest costs. The private sector stakeholders in this P3 felt that this was not "realistic economics", as the project managers would not be able to find investors willing to accept the low rate of return that the Ministry of Finance considered acceptable.

Any P3 is required to compete against the typical debt-financed school, and must be more cost effective to even be considered.

One respondent indicated that *"a key element in the success of this P3 or any P3 is the ability to generate revenue in some capacity"*. For instance, roads can have tolls and public office buildings can have stores. However, there is not a great deal of revenue potential for schools so private partners may have some reluctance to become involved. *"Tapping into private sector ingenuity will save the Ministry money. We are not in the business of making you rich, but we don't begrudge you a fair rate of return."* (Ministry official). Paul Ramsay, a former Minister of Education for B.C., stated that the provincial government had been working on public-private financing for the construction of schools in other districts but that the Auguston Traditional Elementary School was the first one that has been brought to fruition (Abbotsford News, June 8, 1999).

In this P3, cost saving was a major motivation for one of the stakeholders. This P3 was viewed favourably because *"it helped solve a provincial dilemma of a lack of funds"*. The key factor for the government's interest in the P3 was to *"get debt off their balance sheet"* while providing quality infrastructure to the students of the province. One Ministry of Finance representative stated that *"Bond rating agencies don't care about lease obligations"*, they just don't want to see increasing debt on the ledger. This particular initiative was supported by Joy McPhail, B.C. Finance Minister at the time of the P3. She stated at the groundbreaking ceremony at Auguston that *"this doesn't add a nickel to the public debt"*. (Joy McPhail, Abbotsford News, June 8, 1999). From the inception of the P3, the Comptroller's Office stated that the overall cost of the 20-year lease with its six percent return had to be equal to or less than the

cost of ownership for the same period. That was the condition that allowed the liability to be off-book.

"...the government wanted to see if a P3 could work."

The dismal state of the provincial economy and public irritation over provincial debt clearly enhanced the government's willingness to look to the private sector for its financial inventiveness and ingenuity. According to the Chairman of the Board, *"If it hadn't been a P3 we probably would have just shelved it, but the government wanted to see if a P3 could work."* The section on outcomes shows how the P3 came to fruition.

As mentioned, one difficulty with schools being developed with the P3 model is that they are stand-alone facilities with limited capacity to generate revenue. If a structure is built for single use, it is more difficult to 'sell' as a P3. P3s are more popular with structures that can generate revenue, such as roads, civic structures, and postsecondary institutions. Representatives from the Ministry of Finance echoed the same sentiment that perhaps education is not the best public arena in which to pursue public-private partnerships. *"We may be barking up the wrong tree."* The reasoning is not that education cannot benefit from cost savings, rather, in order to promote public-private partnerships, there needs to be a financial incentive to the private partner who is off-loading the risk from the public sector. In this case the reward for the project managers was a share in the cost savings from the construction of the school.

At the inception of this P3, a lease agreement was proposed. The plan was for the School District to lease the land to the developer for 49 years for one dollar. The District in turn would lease the building from the developer for 20 years. At the end of this period, the District would have the option to renew the lease, buy it out, or abandon it. After the 49 year period, the District would own the land and the building. The partnership involved a straight lease agreement for '20 plus' years and the building would remain privately owned for the duration of the lease, which could only be broken through mutual agreement.

The Chairman of the Board and the project managers felt that the financing model for the P3 could be used as a template for other school projects. Examples of private sector investors that were considered for financing the construction of the Auguston school were banks, pension funds, life insurance companies, and private individuals (Abbotsford News, June 8, 1999). The investor would be able to depreciate the building to $0 over the period of the lease. Although this P3 would likely have qualified for off-book financing , regular capital funding was used. See the section on outcomes for the reasons for setting aside the lease.

Marketing potential for real estate sales was another major catalyst for this P3. The developer made a contribution of $500,000 in support of the public-private partnership. It was intended to accelerate the school construction and increase the rate of home sales in the subdivision. It also made possible an enhanced facility that had space for a daycare. Land was provided for a soccer field made to Class A standards which will be maintained by the City of Abbotsford. The impact of this contribution on the P3 was considerable, as shown in the section on outcomes.

Risks and Opportunities

Several respondents suggested that the P3 might create financial risk for the district in the future because the school was to be leased back to the district, with the cost of maintenance becoming the district's responsibility. Because of the two variations in the construction of the school, there was speculation that they could be financial liabilities to the school district in the future. As mentioned previously, the first was that the school was constructed with a flat roof. The implications in the Fraser Valley's wet environment are an increased risk of water accumulation and leaks, which could damage the structure of the building. The second variation, a consequence of the first, was the construction of the HVAC (heating, ventilation, and air conditioning) system on the outside of the school building. With this type of design, the HVAC is exposed to the elements that could cause malfunctions and breakage. In contrast to this perceived risk, there were financial opportunities.

The option of leasing schools rather than owning them was believed to provide a district with reduced risk and more flexibility in response to changing demographics, according to some interviewees. The idea of leasing a building is not new. By leasing their buildings, businesses are able to invest the capital in areas that are more profitable for them. According to the Chairman of the Board, who is a banker, other government organizations in B.C. also use a model where they do not invest in capital structures. For instance, B.C. Ambulance leases their buildings and Canada Post's new sorting offices are privately owned. *"The government should get out of owning any buildings. They should get out of capital expenditures".* Since demographics shift, *"You want to put your money into the services. You want to maintain flexibility. It is better to do what you are good at."* (Chairman of the Board).

There were also risks for the two major private partners. The project managers were held to the contract to deliver the school at the agreed price—there was cost overrun protection for the province. Further, the project managers were required to invest up-front time and energy into the P3 in order to see it pay off. The developer, in turn, risked $500,000 with the hope of accelerated home sales.

Costs and Comparisons

The construction cost of the Auguston Traditional Elementary School was projected to be $3.3 million according to normal provincial guidelines. As a consequence of the project managers' methods of procurement, it was reduced by $350,000, a saving of over 10%. A full $100,000 of the difference was passed to the Abbotsford School District by the Ministry of Finance.

a saving of over 10%

The $500,000 allocation by the developer reduced the costs still further, although part of that contribution was dedicated to the daycare, an enhanced library, a larger gymnasium, and legal fees. A portion of the $500,000 will reduce the corporate income taxes paid by the developer

because it is a business expense. Consequently, it is not possible to state the exact financial benefit to the public of this contribution.

According to the Memorandum of Understanding signed by the Province, District, developer, and project manager, the construction cost of the building itself was to be $2,168,000 and a contingency fund, equipment, site development, project setup, and fees accounted for the remainder of the projected costs; the total was budgeted for $3,126,000. The school was to have 2,330 square meters to accommodate 250 pupils. The actual construction costs were projected to be $930 per square meter. In order to gain some perspective, it is useful to compare these expenses to costs incurred in the construction of other schools.

The project managers provided the research team with a report on the costs of recent school construction (Number Ten Architectural Group and BKG Consulting Group Ltd., 1997). It is an informal but detailed cost comparison of two independent schools near Abbotsford, the B.C. plan for public elementary school construction, an urban public secondary school in B.C., a public middle school in Manitoba, and an independent elementary school in Minnesota. See Table 1 for the overall results, which reveal up to $741 or 235% differences in the construction costs per metre, a remarkable figure. Clearly, the standard plan for public elementary schools and the example of the public secondary school in B.C. have much higher costs than the sample independent schools in B.C., the Manitoba school plan, or the Minnesota school. What might account for the substantial differences?

The authors contemplated variations in school size, structure, site conditions, materials used for construction, wage rates, and special features such as a theatre. Using binary comparisons and an extensive set of tabulations, they were unable to attribute much of the differences to the aforementioned factors. They concluded that the average difference between the four alternatives and the B.C. public examples, which was $543 or 180%, was attributable to alternative methods of procurement and specifications.

One factor that is not examined is the overall quality of the construction. If the construction quality of conventional public schools is higher, then greater expense spared during construction could reduce long-term maintenance costs. If that supposition is correct, higher maintenance costs can be expected and should be observable in the 3 other schools. Unfortunately, the report does not contain any long-term maintenance data that would address that possibility.

Table 1. Cost Comparisons of Four Schools and Two School Plans

	Cost Per Square Metre in $Cdn	Number of Classrooms
Roseau Middle School Public, Minnesota	725	24
Elementary School Stock Plan Public, B.C.	1,165	--
Langley Christian Middle & High School Independent, B.C.	548	8
Whyte Ridge Middle School (Plan) Public, Manitoba	874	--
Surrey Christian Middle School Independent, B.C.	589	12
Gary Street Secondary School Public, B.C.	1,289	12

From: Number Ten Architectural Group and BKG Consulting Group Ltd. (1997).

There was another important hidden cost associated with the Auguston P3. The amount of paperwork and extra communication that was involved since the inception of this P3 was considerable. Seeking approvals, checking plans, and ensuring all relevant participants were informed took more effort than the usual school construction procedures. Although personnel problems impeded progress at some points, most parties were pleased with the speed of the overall process. As noted in Chapter 2, the time between the beginning and conclusion of the Auguston P3 was three years. The school construction itself took 12 months.

THE CHOICE FACTOR

In 1999, about a year into the Auguston P3 process, the School Board was faced with intense lobbying from a group of *"very well represented, and very organized"* traditional school parents. These parents had a passion for, and a deep-seated belief in the value of 'traditional' education. They had previously organized lobby efforts for a traditional high school but had failed. The Chair of the King Traditional Elementary School Parent Advisory Committee (located on the west side of Abbotsford), met with the School Board to persuade them that there would be sufficient demand for a second traditional school. For the reader's background information, traditional schools in British Columbia have special characteristics. They typically have no catchments, drawing students from across their respective school districts. They emphasize academic achievement, student care, and parental involvement. Organized in a very consistent manner, their approach to learning is highly structured. Parental satisfaction with them is strong (Brown, 1999).

The King Traditional Parent Advisory Council met with the developer and indicated that they thought that Auguston Elementary could potentially benefit from being designated a traditional school. The parents felt that they could fill the school with students from outside of the catchment. At the same time, it was becoming most apparent that the original student projections previously used to justify the Auguston P3 were too optimistic.

When the Chairman of the Board first approached the developer with the proposal that the elementary school be designated a school of choice with no catchment, the developer was concerned that children from the development would be excluded from the school. Since the Chairman knew he would need a model with a mix of catchment and out-of-catchment enrollment, he devised several scenarios to justify the need and benefit of a school of choice in the new development. They incorporated current and projected catchment numbers and estimated initially that approximately 130 spaces were available for students from out-of-catchment. These spaces were to be filled with a one-time-only registration that would mean that as the out-of-catchment students and their siblings moved beyond elementary age, the spaces would become available to Auguston's students. Since an adjacent housing subdivision had many fewer children than expected, a neighbouring school, Prince Charles Elementary, had an additional one hundred seats. This meant that Auguston parents who preferred their children not attend a school of choice would have the option of sending them to Prince Charles, a regular neighbourhood school. To contribute to the argument, bus routes were already in place in the area. Although the developer was concerned about 'out of towners' coming into the community with attendant traffic, and although he preferred to have the school built as a conventional neighbourhood school, he realized that the development would not have enough children to fill a school and that the school construction could be deferred. A compromise was in order.

Approximately three hundred parents attended a public meeting in March, 1999 when a delegation made the first presentation to the Board proposing that Auguston be designated a traditional elementary school. They comprised parents from King Traditional and other parents interested in a traditional education for their children. After an analysis by the school district administration the proposal was accepted. Approval was conditional on the same dollar allocation per student as other elementary schools. Student admissions guidelines were to be based on priority for the immediate catchment, then students living on the eastern side of Abbotsford attending the existing traditional school, and then others who would need to join the registration lineup.

A registration queue formed outside the school in February, 2000. Some parents camped for up to eleven days in order to ensure a placement for their children. Since the initial registration date, out-of-catchment enrollment was increased from the original 130 to 150 and then to 180 students because sales of homes in Auguston were slow.

Despite its initial hesitation in designating Auguston as a traditional school, the Abbotsford School Board saw offering schools of choice as a way to provide variety within the public school system. According to the interviewees, the enormous level of parental support was critical in making Auguston a traditional school. *"The heavy duty vocal parent group had a lot of time and capability"* to encourage a traditional school at this site. *"Auguston would not*

exist at this time if it were not a traditional school." The presence of a highly respected leader, the Principal of King Traditional who also became the principal of Auguston Traditional, facilitated the Board's decision.

It is interesting to note how the provision of school choice also managed to mitigate the risk that would otherwise accompany school construction for projected rather than actual numbers. Projections do not always materialize when the Ministry takes a *"final look"* at the figures before approval to proceed is sought from the Treasury Board. Overcrowding of schools is a clearer signal of demonstrable demand for new school construction or the extensions of old ones. In the case of Auguston, the school could have been deferred but the Board was able to demonstrate a high level of enrollment for the school. According to one interviewee, *"It is possible, through P3s such as this, that building schools before catchment areas have proven a need could result in savings related to problems with overcrowding."* The final enrollment tally revealed that 20 children had come from Auguston, 25 from independent schools, and 70 from outside the District, and 118 from the rest of Abbotsford's public schools.

With a school in place, the development was thought to be more marketable.

The most significant advantage of the Auguston Traditional Elementary School to the developer was that it provided a school for his development. In fact he felt that *"the school is a major ingredient in the formula"*. With a school in place, the development was thought to be more marketable to families, as shown by the extensive use of the word *"traditional"* in advertising for the Auguston development. The results from the questionnaires that were distributed to real estate agents in Abbotsford and homeowners of Auguston provide support to his view of the value of having a traditional school located in that development.

Questionnaire Results

Questionnaires (see appendix) were distributed in mid May to 32 Auguston residents and 20 Abbotsford area real estate agents. They were mailed with a cover letter explaining the purpose of the research and a postage paid return envelope. Their formats were primarily open-ended questions, however, some quantitative data were obtained in the form of yes/no questions. Responses were analyzed by hand as a consequence of the design and the small numbers. In total, 11 (45%) responses from residents and 9 (32%) responses from real estate agents were received. The small sample size permits only tentative generalizations but it does give a picture of the opinions of 20 people.

Respondents from mailed questionnaires all indicated that having a traditional school operational in the still growing Auguston development was an attractive element and a potential factor in making a decision to purchase a home there. Several respondents indicated that schools are an important part of the growth and development of any community and town and that *"Parents are tending to look for schools like Auguston with its unique values and will move to an area that benefits their children."*

When asked what were some of the advantages and disadvantages in terms of real estate sales for having a traditional school as part of the development, respondents believed that it would increase sales of homes. *"Traditional schools seem to be in high demand and waiting lists are long. If you live in the neighbourhood, you are guaranteed to get in."* They also perceived some disadvantages, which were difficult to categorize. Two examples were *"Not all families living in the area want this type of school for their children"*, and *"It may be slightly less attractive to some older (empty nester) buyers"*.

The first question with a yes or no response asked of the real estate agents was: Do you feel that the construction of a traditional school in Auguston is a factor in people's decision to purchase a home here? The response to this question was a unanimous 'yes' from all respondents. (see Table 2)

The second quantitative question posed to real estate agents was: Do you feel that it has resulted in a more attractive development for people to purchase a home? In this case, most respondents did feel that having a traditional school in the development resulted in the Auguston development being a more attractive area to purchase a home. Table 2 highlights the responses to these questions.

Table 2. Questionnaire results for real estate agents.

	Yes	No
Question 1	9 (100%)	0 (0%)
Question 2	6 (67%)	3 (33%)

In the second questionnaire, the Auguston homeowners were asked whether the construction of a school of choice in Auguston a factor in their decision to purchase a home there. Only 36% of respondents felt that having a traditional school was a key factor in their decision to buy a home in the development. This may be a result of more 'empty nesters' being attracted to the development and having purchased homes at the time the questionnaires were distributed. (Table 3: Question 1)

Residents were then asked whether they felt that the school of choice has resulted in making the development more attractive for people to purchase a home in. In this instance, 82% of respondents indicated that having a traditional school built was an attraction to the development. (Table 3: Question 2)

When asked whether the community composition was different as a result of the new school development, 64% of respondents felt that it was. They stated that it might be more likely to attract the type of families to whom a higher standard of education is important. New school development attracts a younger, family-oriented community and people with similar traditional values. (Table 3: Question 3)

Table 3. Questionnaire results for Auguston home owners.

	Yes	No
Question 1	4 (36%)	7 (64%)
Question 2	9 (82%)	2 (18%)
Question 3	7 (64%)	4 (36%)

Respondents felt that having a traditional school as part of the development will be more likely to attract the type of families to whom a high standard of education is important. Several stated that since the development is marketing itself with a focus on traditional family values, a traditional school fits well into the concept of the development and what most home purchasers want in this community. A full 81% of respondents felt that having the school of choice has resulted in making the development more attractive for people to purchase a home.

OUTCOMES OF THE P3

This section explores several of the key outcomes and products of the Auguston P3, specifically, the results of the construction process, the lease outcomes, and finally, it identifies other problems and issues related to this P3.

Construction

The construction process proceeded at a faster rate than usual.

One of the main reasons the Ministry of Finance was interested in public-private partnerships was to *"create more infrastructure, faster, sooner"*. This sentiment was echoed by many of the interviewees — without this type of partnership, the construction of the school in the Auguston community would have taken much longer, and would have had to go through several additional administrative steps. One interviewee stated that *"the Board hardly blinked when this public-private partnership proposal was brought to the table, and it passed after only three meetings."* Not only did the approval process proceed quickly; the construction process proceeded at a faster rate than usual. It was suggested that since the *"...private developers did not have to do the same ministerial hoop jumping that public developers must [such as standard tendering], that 4-5 months were probably saved compared to the conventional public school construction"*.

The project managers were under substantial budgetary restraints to build the school efficiently. They faced significant scrutiny from many interested parties and partners. Time and effort associated with pursuing this agreement were substantial, although many costs were reduced, that reduction was not due to the use of non-union labour. The school was built with a mix of union and non-union labour as are other schools in B.C., conforming to the province's Fair Wage Policy, which requires union level wages for non-union employees. Although this P3 may not have justified all the expenses they incurred, the project managers consider their effort an investment that will pay off in the future.

Leasing

The initial arrangement for the Auguston school was to build the school and then lease it back to the district in a 20-year lease. The district could then have the option to purchase the school (for half the cost of construction) or renew the lease (Abbotsford News, June 8, 1999). As part of the P3, the developer was to seek a private investor who would lease the land from the school district for a nominal fee of $10 for 49 years. The investor would build the school, within provincial guidelines, with cost savings leading to a lower lease price for the school district. The school district would then lease the school for 20 years with two 15-year renewal options or after the 20 years were up, the district could buy the school for half its construction costs.

Although the initial approach for the P3 was *Design, Build, Own, Transfer,* the final outcome after much negotiation between the project managers, the Ministry of Finance, and the District of Abbotsford became *Design, Build.* The Ministry of Finance undertook an analysis of the costs of leasing and outright purchase. It wanted to "crystalize" the $350,000 savings rather than incur further expenses to resolve the lease issues.

Why was the lease set aside? The legal counsel of Abbotsford School District had raised some concerns. One was regarding the ongoing maintenance of the school. Since the developer would need to be responsible for the maintenance of the structure and building envelope, a sinking fund was needed for major mechanical system replacement. Another was a problem regarding insurance on the building for fire, etc. Normally, in the case of publicly owned schools, insurance is underwritten by the province. However, this facility was to be owned by an investor. The question was, who would provide insurance on the facility? A final concern was that a future school expansion needed to be addressed within the terms of the lease. None of these reservations was considered to be a strategic flaw in the lease, however. It was set aside for other reasons.

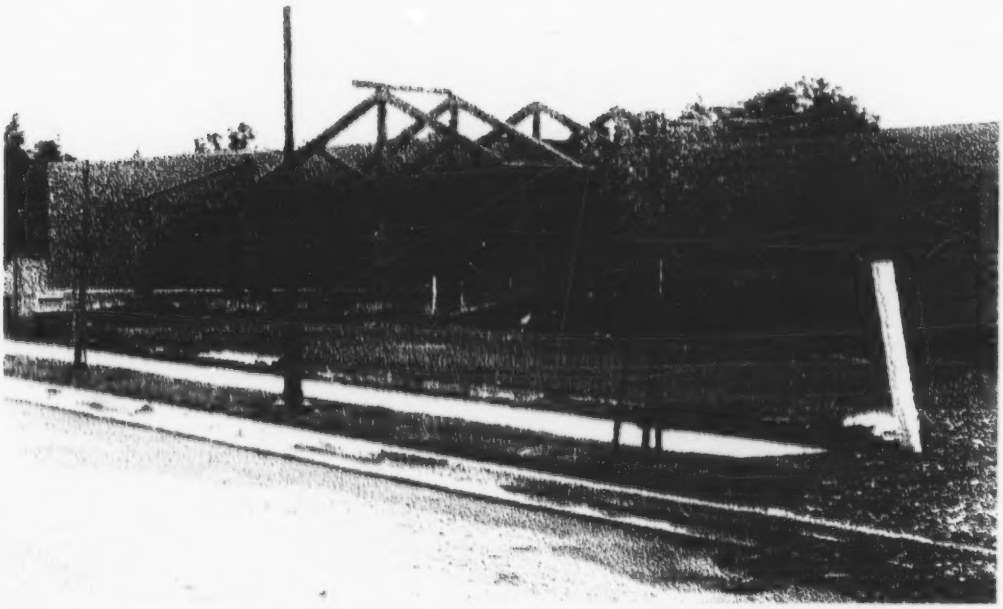
Why was the lease set aside?

The abandonment of the lease was due partly to the costs that would have been incurred to make it work. Legal and accounting costs to the district were rising and more management time was required. The remaining fraction of the $500,000 was in danger of being consumed. A further problem was finding an organization to be the leaseholder. For example, the project managers expected a pension fund company to invest in the school. Unfortunately, pension funds typically invest far more than $3.5M, the value of the school. Perhaps if the develop-

er had chosen to be the lessor, the deal would have worked. Although the lease was 90% complete and it was felt that the players *"could have found the bridge equity"*, the above mentioned considerations lead to the mutually agreed decision to purchase the school on a conventional basis rather than to lease it.

One factor that interviewees excluded was any concern about the difference between the ability to borrow money at provincial rates or open market rates. That was because a portion of the $500,000 was set aside to offset the difference.

The next chapter presents a general assessment of the P3 from the prospective of the participants, then some general conclusions are put forward, and finally, some recommendations for policy makers and private corporations are made.



CHAPTER 4. SYNTHESIS AND EVALUATION

This study explored the prospect that P3s have a role in constructing schools in the Province of British Columbia. The public-private partnership established at Auguston offered a special opportunity to determine the elements that make P3s successful and what may be done to avoid difficulties in the future.

This chapter first offers an assessment of the Auguston P3 as perceived by its major players. It then draws some tentative conclusions from the Auguston case, identifies opportunities or prospects for P3s in education and outlines some of the challenges faced when adopting this method of school construction. Finally, the chapter provides recommendations for policy makers at the provincial government level, the school district level, for businesses, for parents, and for researchers.

DISCUSSION

When P3s are considered in the future of public education in British Columbia and other provinces, this modest analysis of the Auguston P3 may provide some insights into the feasibility and desirability of public–private partnerships. Although the Auguston P3 did not result in the intended *Design, Build, Own, Transfer* model as initially envisaged, it was perceived by stakeholders in this case study as a very successful P3 which demonstrated a high value to the taxpayer as *Design, Build.* One key player noted, *"This was an excellent P3 that worked. It just didn't turn into a lease."* Here are their views regarding the benefits and costs.

The major players articulated a number of benefits derived from adopting the P3 model, as shown by Table 4. The Auguston P3 provided clear evidence that a new school can be constructed more quickly and at less cost by using a P3 model with a private project manager *(Design, Build).* The District was able to acquire a new school with demonstrated enrollment and a financial bonus. The P3 also showed how participants from different sectors can work together to test an idea. Each partner realized most of its objectives by using this public-private partnership.

The several advantages and benefits of P3s notwithstanding, there were some disadvantages to stakeholders involved in this P3, as evident in Table 4. For the School District, involving a third, and in this case, several more parties including the City, the developer, project managers, and considerations of adding a daycare facility, the public library, a larger gymnasium, and community recreation added complexity to the construction of the school. This involved the time, dedication and effort of Board members and district staff. Furthermore, because this was the first attempt at building a school in the Abbotsford District using the P3 model, substantial time needed to be invested in determining how it should all be sorted out--time spent reviewing leases and ensuring that each party would be protected. There was the sense that partners must *"start from scratch"* as every school is different, and therefore every memorandum of understanding and business plan would necessitate its own interpretation of the public-private partnership.

Table 4. Main Advantages and Disadvantages of the Auguston P3 as Perceived by the Major Partners

Major Partners	Advantages	Disadvantages
School District	• New school provided • Some input into design • District goal of school choice supported • Positive community relations • Receipt of $100,000 from Ministry of Finance as part of shared savings • Reduced overcrowding in district • Enhanced building	• Meetings and paperwork • Residual concerns about flat roof and exposed heating, ventilation, & air conditioning systems--potential for expenses later
Field and Marten (Project Managers)	• Business income • Possible participation in future projects • Demonstration of the potential of a P3 for public school construction	• Some financial risk • Extra time and effort expended • More scrutiny and budgetary constraints than in private projects
Beautiworld Development Corp. (Developer)	• Prospective increase in rate of home sales • Provision of a community facility • Accelerated construction of a school	• $500,000 business expense--a risk • Not strictly a 'neighbourhood' school
Ministry of Finance	• Significantly reduced school construction costs • Retention of control over specifications • Learning for later P3s • Fast school construction • Demonstration of alternative procurement • Provision for an addition onto the school	• Failure to achieve lease • Legal fees • Meetings and correspondence • Less control over process and time line

CONCLUSIONS

A number of lessons can be drawn from the Auguston experiment. Those include the following:

Public schools can be built at lower costs through a P3.

The evidence from the public elementary school at Auguston suggests that construction costs may be reduced by over 10 percent using the *Design Build* variation of a P3. In British Columbia, that saving would have been considerable over a period of 10 years, enabling many additional elementary schools of enrollments of 250 to be constructed. If developers are willing to make contributions, costs to the public may be reduced still further. This conclusion stands in contrast to the experience in Nova Scotia in which cost overruns were encountered. In this case, there was some risk transfer to the private sector.

Public schools may be built more quickly and with enhanced facilities via a P3.

The major partners agreed that the Auguston Traditional Elementary School was built more quickly than it would have been if the usual school construction process had been followed, despite some delays. The project managers were able to expedite the plans and construction because many of the normal procedural regulations were set aside. Concurrently, the plans were able to include expanded facilities such as a larger gymnasium, library and a day-care centre, which provided greater community service opportunities as a result of the developer's contribution. Thus, a major advantage to a school district with the *Design Build* type of P3 is its ability to provide schools where they are needed when they are needed.

A high level of cooperation between partners facilitated this P3 for school construction.

For this P3, the interests of the major participants were in alignment. The Ministry of Finance, School District, project managers, and developer found that the P3 could achieve their respective objectives. Clearly, governments and private partners had something to offer each other. The convergence of interest, favourable context, and persistence of the major participants to make a P3 are significant factors in their success. Several authors (Babiak, 1999, Child & Faulkner, 1996; Gray & Wood, 1991, Kouenwhoeven, 1993) suggest that these factors (i.e., common interests, ready environment, and the dedication of key players) are critical elements that ensure that high levels of motivation and cooperation exist in any interorganizational partnership. Champions of the P3 emerged to provide impetus and invention to see it through to the school opening day. The academic literature supports the findings of this study by suggesting that a champion or a convenor is an essential ingredient in the success of any partnership (Gray & Wood, 1991; Oliver, 1990; Van de Ven, 1976). This P3 also provided synergies (i.e. different sectors 'talking' and working together which typically not the case) and sense of community. People felt that it 'worked' and were enthusiastic about it.

Risks and costs are incurred during experimentation with P3s for school construction.

Each group of major participants assumes risks and incurs special costs when it undertakes a P3 for school construction, particularly for the first time. The public sector gives up some control over the process of procurement; the private sector assumes some financial risks. Extra costs in the form of extensive communications time and some legal fees are predictable.

School lease arrangements may have the potential to increase the flexibility for school infrastructure.

If leases that are mutually favourable to the public and private sectors can be fashioned, then provincial governments could leverage their money that would otherwise be spent on capital construction. Off-book leases can also reduce the apparent provincial debt and move some of the tax burden to the federal government when buildings are depreciated. The topic of leasing schools deserves further investigation.

A 'traditional' school designation could increase enrollment projections.

Since schools of choice, such as traditional schools, usually have no catchments, they draw from across their districts. If schools to be constructed are given a school of choice designation that is attractive to numerous parents, they can provide the enrollment base to justify their construction and thus alleviate overcrowding in other schools. In particular, the designation of a traditional school may enhance real estate developments.

RECOMMENDATIONS

Based on the foregoing conclusions, several recommendations are provided for provincial governments, school districts, private corporations, parents, and researchers who may wish to take advantage of the P3 model for school construction.

Provincial governments should consider P3s for school construction.

The potential savings of ten percent on school construction costs from the *Design Build* arrangement (with project managers) means that provinces could build more schools or reallocate resources to other pressing educational needs. In short, *"it can be done."* In British Columbia, that amount is up to $45M for the year 2000 alone. P3s may provide *'more schools, faster, and cheaper'*. Further, evidence in this report suggests that it is possible to fashion harmonious working relations with private sector partners so that the goals of public education may be served. As one of the interviewees said, *"Put the money into the teaching rather than into the building. We don't have to build Taj Mahals to educate kids."*

Provincial governments and private partners should develop guidelines for school construction with P3s.

If alternative procurement is accepted by Ministries of Finance, then it would be useful to have regulations that specify the relationships between the partners and the ways in which P3s for school construction would be created, implemented, monitored, and brought to closure. A set of guidelines would reduce the administrative time spent in the negotiations and consultations that three of the major players reported as costly. Such guidelines would need to be developed with considerable input from districts, project managers, and developers. Fisher & Ury (1981) recommended using objective criteria that incorporate fair procedures in order to develop common guidelines for all parties involved, including appropriate incentives.

Provincial governments should keep in mind the needs of the private partners.

P3's are held together by trust and an alertness to the interests of other partners. Ministries of Finance and Education must be aware of the costs incurred by private partners and the requirement that the resources and time they invest in the P3 must pay off for them. A spirit of cooperation and "can do" is an important component of a successful P3.

Provincial governments should explore lease arrangements for school construction.

Lease arrangements hold some promise for school ownership, partly because of "off book" financing. Rather than assuming that a school building will always be needed, the lease option could permit provinces to have more flexible infrastructure and use public monies for other purposes. Long-term costs of lease options and permanent ownership should be ascertained.

Provincial governments should consider the decentralization of school construction.

The success of the Auguston experience suggests that when suitable incentives are provided, districts may be able to build highly satisfactory schools at reduced prices by using procedures which are flexible yet held to local building specifications and expenditure reviews. Since provinces have devolved operating finances to districts, perhaps some ministries and districts would be willing to experiment with a parallel allocation for capital construction.

School districts should explore how P3s can enhance community services.

When developers are willing to make donations, districts have the opportunity to provide infrastructure which not only serves the education of students but also increases services to other community members. That prospect requires innovation and imagination on the part of the community.

School districts should consider a "school of choice" designation for new schools to be constructed using a P3.

P3s may permit districts to realize schools where they are needed when they are needed. If districts approach school construction proactively, then growth districts in particular may be able to build schools in anticipation of demand. The designation of a "traditional" school in this study provided the needed parental support and enrollment for a new school when its originally projected enrollment declined.

Private corporations should explore the P3 option with governments.

P3s for school construction may assist real estate developers to offer additional services and enhance the attractiveness of their developments, although elementary schools themselves may have little potential for revenue generation. Project managers should be aware of the prospect of doing business with provincial governments because of their solid financial and legal status. They can be advantageous business partners.

Private corporations should be mindful of the concerns of governments.

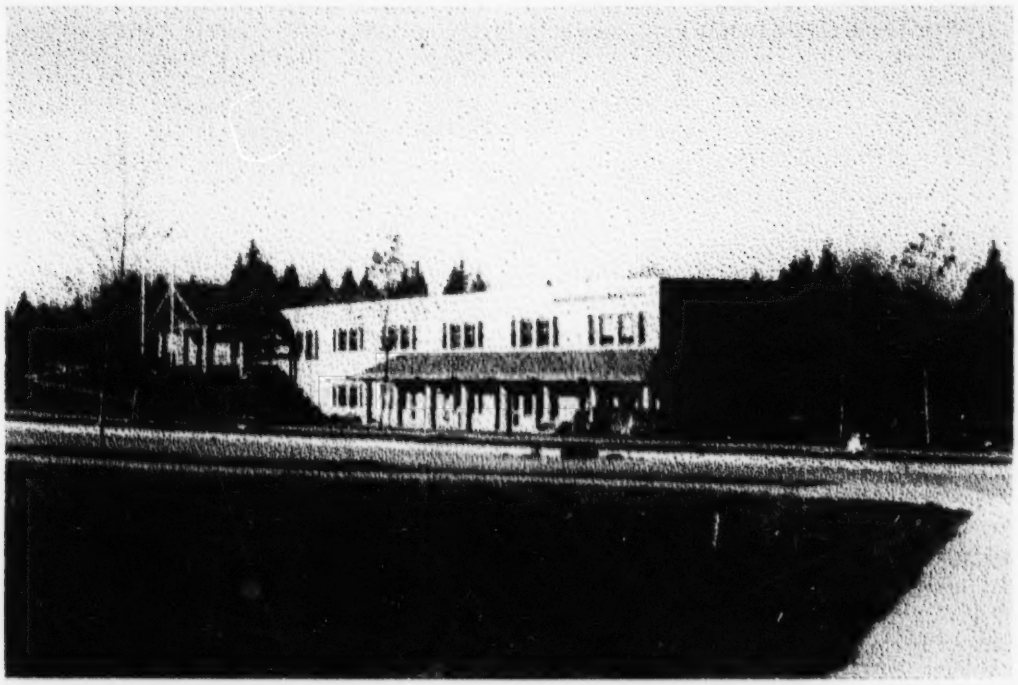
Governments do not act with the speed or freedom of business firms. They are required to answer to many publics and sometimes need to complete extended approval processes. If private partners are alert to the circumstances faced by government employees, then the P3s for school construction in which they engage will be more likely to be successful.

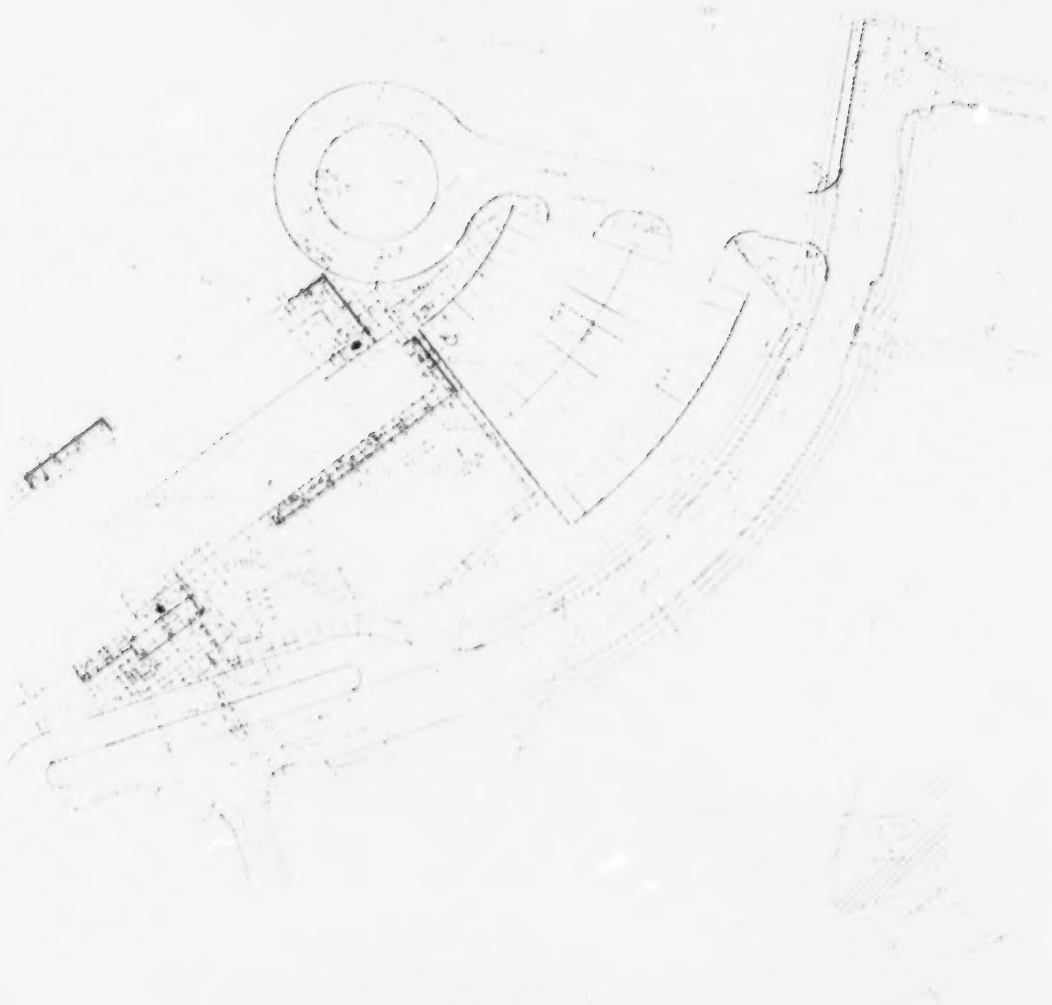
Parents should consider how P3s for school construction may provide school choice.

In growing districts where parents seek the provision of alternative schools, P3s for school construction may provide a special opportunity. Rather than waiting for a vacant facility to become available, they can provide evidence of support for their alternative vision (such as a traditional school) and work with their school board to achieve their aims.

Researchers should study other examples of school construction with P3s.

More research on school construction costs with P3s is needed to determine their effects and in what circumstances they will work. What grade levels of schools are most amenable to P3s? Can more risks be transferred to the private sector? These and other questions remain to be answered.





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Appendix A Real Estate Agent Questionnaire

Title of Project: The study of a public-private partnership to build a school of choice.

Principal Investigator: Dr. Daniel Brown
Professor
Department of Educational Studies
UBC
Tel: 604.822.4588

Co-investigator: Kathy Babiak
Doctoral Student
School of Human Kinetics
UBC
Tel: 604.822.4864

Date, 2000

Dear (Real Estate Agent)

This project is designed to provide important information to policy makers concerning the establishment of public-private partnerships (P3s) for school construction in the province, particularly for schools of choice. As a venture in a growing district, the development of Auguston school in Abbotsford, offers a special opportunity to determine the elements that make P3s successful and what may be done to avoid difficulties in the future. One of the objectives of this project is to try to determine how a P3 between a developer and a traditional school may attract people to a housing development. Through this questionnaire, we would like to measure the impact of housing demand on the success of the project. As such, your expertise and insight will be most valuable.

We are asking for your assistance in this endeavour. We would like you to complete this brief questionnaire and send it back in the enclosed self-addressed, postage paid envelope by June 30, 2000. The questionnaire should take approximately 20 minutes to complete. Please note that your participation in this study is strictly voluntary. Your consent to participate in this study will be determined based on the completion and submission of this questionnaire. Your identity and your organization's identity will remain strictly confidential throughout the study, and only my research assistant and myself will have access to the information you provide. As such, anonymity is guaranteed. If you have any concerns about your treatment or rights as a research subject, you may contact the Director of Research Services at the University of British Columbia, Dr. Richard Spratley at 604.822.8598. If you have any questions or desire further information with respect to this study, you may contact me at: 604.822.4588.

Sincerely,

Dr. Daniel Brown

Department of Educational Studies

University of British Columbia

Public-Private Partnership Questionnaire
(for Real Estate Agents)

1. Do you feel that the construction of a traditional school in this development was a factor in people's decision to purchase a home here? (please circle one) Y N

2a. Do you feel that it has resulted in a more attractive development for people to purchase a home? (please circle one) Y N
2b. Why? _____

3a. Is the community composition different as a result of the new school development?
3b. If so, how? Please explain. _____

4. Why do you feel that traditional schools may attract people to the housing development?

5. Approximately how many times have you been asked about the Auguston Traditional Elementary School when dealing with potential customers? _____

6. What do you feel are some of the advantages and disadvantages in terms of real estate sales for having a traditional school as part of the development?
a) Advantages: _____

b) Disadvantages: _____

Please return this questionnaire in the attached postage paid self addressed envelope by June 30, 2000, to the address below:

Dr. Daniel Brown
Department of Educational Studies
Faculty of Education
University of British Columbia
Vancouver, B.C., V6T 1Z4

Appendix B Auguston Resident questionnaire

Title of Project: The study of a public-private partnership to build a school of choice.

Principal Investigator: Dr. Daniel Brown
Professor
Department of Educational Studies
UBC
Tel: 604.822.4588

Co-investigator: Kathy Babiak
Doctoral Student
School of Human Kinetics
UBC
Tel: 604.822.4864

July 26, 2000

Dear Resident of Auguston

This project is designed to provide important information to policy makers concerning the establishment of public-private partnerships (P3s) for school construction in the province. As a venture in a growing district, the development of Auguston Traditional Elementary school in Abbottsford, offers a special opportunity to determine the elements that make P3s successful and what may be done to avoid difficulties in the future. One of the objectives of this project is to try to determine how a P3 between a developer and a school of choice may attract people to a housing development. Through this questionnaire, we would like to measure the impact of housing demand on the success of the project. As such, your experience and insight will be most valuable. As a resident of this new development we would like to obtain information from you as to whether having a school of choice in your community was a determinant in your home purchase.

We are asking for your assistance in this endeavour. We would like you to complete this brief questionnaire and send it back in the enclosed self-addressed, postage paid envelope by Friday August 25, 2000. The questionnaire should take approximately 10 minutes to complete. Please note that your participation in this study is strictly voluntary. Your consent to participate in this study will be determined based on the completion and submission of this questionnaire. Your identity will remain strictly confidential throughout the study, and only my research assistant and myself will have access to the information you provide. As such, anonymity is guaranteed. If you have any concerns about your treatment or rights as a research subject, you may contact the Director of Research Services at the University of British Columbia, Dr. Richard Spratley at 604.822.8598. If you have any questions or desire further information with respect to this study, you may contact me at: 604.822.4588.

Sincerely,

Dr. Daniel Brown

Department of Educational Studies

University of British Columbia

Public-Private Partnership Questionnaire
(for residents of Auguston)

1. Was the construction of a school of choice in Auguston a factor in your decision to purchase a home here? (please circle one) Y N

2a. Do you feel that the school of choice has resulted in making the development more attractive for people to purchase a home in? (please circle one) Y N

2b. If so, please explain. _____

_____

_____

3a. Is the community composition different as a result of the new school development? (please circle one) Y N

3b. If so, how? Please explain. _____

_____

_____

4. What do you feel will be some of the advantages and / or disadvantages of having a traditional school as part of Auguston? Please explain.

_____

_____

_____

_____

Any additional comments:

_____

_____

_____

_____

Please return this questionnaire in the attached postage paid, self addressed envelope by Friday August 25, 2000, to the address below:

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University of British Columbia
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